

Message Text

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PAGE 01 ABU DH 03418 201221Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00
CIEP-02 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-15 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10
PA-02 PRS-01 IO-13 EA-09 SAJ-01 SSM-05 /156 W
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FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC PRIORITY 5357
INFO AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY JIDDA
AMEMBASSY TEHRAN
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY VIENNA

UNCLAS ABU DHABI 3418

E.O. 11652: NA
TAGS: ENRG, SOPN, TC
SUBJ: UAE PRESS REACTION TO DOHA CONFERENCE

1. AS COULD BE EXPECTED, UAE PRESS HAS GIVEN EXTENSIVE COVERAGE TO OPEC DOHA CONFERENCE AND DECISION TO ADOPT TWO TIER PRICE DECISION. FOREIGN REACTION HAS BEEN WIDELY QUOTED AS HAVE STATEMENTS BY OIL MINISTER UTAYBA UPON HIS RETURN FROM DOHA.

2. IN COVERING DOHA DEVELOPMENTS, DECEMBER 19 ISSUE OF GOVERNMENT OWNED AL ITTIHAD NEWSPAPER, WHICH HAS LARGEST CIRCULATION, MAKES CLEAR THAT UAE WANTS UNITY OF OPEC AND STRESSES THAT CONFERENCE SUCCEEDED IN MAINTAINING UNITY. PAPER'S REPORTING ACCENTS THE POLITICAL DIMENSIONS OF THE DECISION TAKEN BY UAE AND SAUDI ARABIA. AFTER QUOTING UTAYBA ON HIS RETURN THAT INCREASE WAS CON-
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PAGE 02 ABU DH 03418 201221Z

SISTENT WITH PREVAILING CIRCUMSTANCES (I.E. RECENT GROWTH IN DEMAND HAS INCREASED PRICE TO CONSUMERS BY ABOUT 5 PERCENT SO THAT UAE AND SAUDI 5 PERCENT INCREASE REFLECTION OF CURRENT MARKET SITUATION AND NOT ARTIFICIAL INCREASE), PAPER EMPHASIZES THAT FREEZING PRICE OF OIL OF RAISING IT IN FUTURE WILL "DEPEND ON THE RESPONSE WE FEEL WE GET

FROM INTERNATIONAL POLITICAL CIRCLES". ITTIHAD EDITORIAL SEES OPEC DECISION AS COMPROMISE BETWEEN PRICE HAWKS AND DOVES BUT CONTINUES BY STATING THAT CRUCIAL QUESTION IS WHETHER INDUSTRIAL NATIONS WILL APPRECIATE STAND TAKEN BY THOSE OIL PRODUCERS WHO HAVE IDENTIFIED THEMSELVES WITH LOGIC AND CONCERN FOR WORLD ECONOMY AND WHO WANT TO KEEP DOOR OPEN FOR NEXT NORTH-SOUTH DIALOGUE. NOW IT IS TURN FOR INDUSTRIALIZED COUNTRIES TO SHOW THEIR HAND.

2. INDEPENDENT AL WAHDA OF DECEMBER 19 HEADLINES THAT PRICE OF UAE AND SAUDI CRUDES WILL BE \$12.08 PER BBL BUT OTHERS WILL BE \$12.70. PAPER ANNOUNCES THAT UTAYBA STATES THAT UAE AND SAUDI ARABIA WILL NEGOTIATE TO DETERMINE HOW MUCH OIL THEY WILL PRODUCE UNDER NEW TWO TIER SYSTEM. IN ITS EDITORIAL, WAHDA SAYS THAT IF OPEC WERE TO JUSTIFY OIL PRICES ON ECONOMIC GROUNDS, THEN INCREASE SHOULD HAVE BEEN 26 PERCENT BUT SMALL INCREASE BY OPEC REFLECTS ITS CONCERN TO PROVIDE PROPER ATMOSPHERE TO ASSURE RECOVERY OF WORLD ECONOMY. IT TOO ASKS WHETHER INDUSTRIALIZED COUNTRIES WILL APPRECIATE THIS "RESPONSIBLE ACT".

3. ENGLISH LANGUAGE EMIRATES NEWS OF SAME DAY HEADLINES "UAE AND SAUDI ARABIA HOLD OIL PRICE INCREASE DOWN TO FIVE PERCENT" WITH SUB-HEADLINE "CARTER LAUDS COURAGE." ARTICLE MENTIONS SECRETARY OF STATE DESIGNATE VANCE'S AND PRESIDENT-ELECT CARTER'S PRAISE FOR "COURAGEOUS AND STATESMANLIKE" ACTION OF SAUDI ARABIA AND UAE AND THAT THEY WERE SENDING MESSAGES OF APPRECIATION TO BOTH COUNTRIES. PAPERS HAVE SINCE REPORTED PRESIDENT-ELECT CARTER'S STATEMENT DENYING UNCLASSIFIED

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PAGE 03 ABU DH 03418 201221Z

MAKING ANY PROMISES TO SAUDI ARABIA OR UAE ABOUT US MIDDLE EAST POLICY IN RETURN FOR THEIR SOFT LINE ON OIL PRICES.

4. ALL PAPERS REPORTED IN SUMMARY FORM PRESIDENT FORD'S STATEMENT CONDEMNING DECISION OF ELEVEN OPEC COUNTRIES AS IRRESPONSIBLE AND SHORT-SIGHTED. ALSO REPORTED WERE COMMENTS OF IEA EXECUTIVE DIRECTOR ULF LANTZKE THAT EVEN FIVE PERCENT NOT INCONSIDERABLE INCREASE AND THAT IEA WILL DISCUSS IMPLICATIONS OF SURPRISING TWO TIER PRICE SYSTEM, AS WELL AS FRG ECONMINISTER FRIEDERICH'S STATEMENT THAT OPEC DECISION WOULD REQUIRE GREATER EFFORTS IN EUROPE TO MAINTAIN STABILITY AND CONTINUED ECONOMIC RECOVERY. PRESS AS AN ASIDE MENTIONS THAT JAPANESE AND GERMANS ARE NOW SEEKING TO BUY MORE UAE OIL. DICKMAN

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